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A REPORT  
ON  
A LONG RANGE CAPITAL EXPENDITURE PROGRAM  
AND  
ADMINISTRATION POLICY AND PRACTICE  
FOR  
NEWARK, NEW JERSEY

CENTRAL PLANNING BOARD  
OF THE CITY OF NEWARK, NEW JERSEY

7-11-47  
1947

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HARLAND BARTHOLOMEW AND ASSOCIATES - CITY PLANNERS  
Harry W. Alexander, Resident Planner.

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April 9, 1947

To the Honorable  
The Mayor and City Commissioners of the  
City of Newark, New Jersey

Gentlemen:

We herewith submit this Report on "A Long Range Capital Expenditure Program and Administrative Policy and Practice for Newark, New Jersey" as the result of our investigations, studies, and deliberations in the subject matter.

The factual and statistical data contained herein was compiled from official records and the assumptions and projections made were the result of careful and extensive analysis. Certain variables contained in the Report, such as the \$5,000,000 yearly increase in ratables as a result of the Master Plan improvements and the 3 per cent interest rate used in the bonding computations, make the Report sufficiently elastic to comply with the recommendations of the Citizens' Advisory Sub-Committee on Municipal Finance, attached hereto. The Sub-Committee recommends that the total net bonded debt be kept within 10 per cent of the City's Real Estate ratable, rather than the 11 per cent limit permitted by State Law, in order to secure a better bonded interest rate and provide a more sound and better balanced financial structure. We heartily concur in the Sub-Committee's recommendations and have, therefore, included their Report to us as a part of this Report submitted to your Board, as of even date.

We believe that the financial plan contained herein is both financially sound and economically feasible and, if adopted by the Board of Commissioners of the City of Newark, will insure the creation of a new and greater Newark, one that will take rank with the major cities of the world.

Respectfully submitted on behalf of the  
Central Planning Board of the City of  
Newark, New Jersey.

*Peter A. Lavicchia*  
Chairman

February, 1947.

Central Planning Board of the  
City of Newark,  
New Jersey.

Gentlemen:-

We are pleased to submit herewith a Report on a Long-Range Capital Expenditure Program for Newark and a Report on Administrative Policy and Practice. These Reports which follow the completion of the Master Plan are the last of the series which have been submitted to your Board during the past three years. They mark the completion of one phase of the Planning Board work and the beginning of the second and even more important.

No plan can be effective if its scale is beyond the financial capacity of the City to carry it out. While the proposed program seems large, on the analysis it can be demonstrated that it is realistic and its items are essential. Its cost can well be justified.

In many respects this Report is the most important of any which have been submitted to you for consideration. It points out the serious financial condition that Newark finds itself in and suggests ways and means for improving this situation. Unless a program such as this is officially adopted and carried out over a period of years, there is great danger that the City might over-extend itself financially on non-essential improvements. A long-range capital improvement program should be budgeted annually, and specific projects should be determined in the order of their necessity. The program set forth in this report will furnish the guide for preparing such budgets.

We wish to acknowledge the assistance so freely given by the Department of Revenue and Finance in ac-

Central Planning Board.

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February, 1947.

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cumulating and analyzing the voluminous financial statistics on which this Report is based. We also wish to acknowledge the assistance given us by the Bureau of Municipal Research and other persons and agencies who were consulted.

Respectfully submitted,  
HARLAND BARTHOLOMEW AND ASSOCIATES

By: *Harry W. Alexander*

HWA:IMS.

## SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS.

Newark is confronted with a financial crisis. Beset by rapidly rising costs of government and a static tax base, the City must find some way to extricate itself from its difficulties if it is to maintain its rightful place in the post-war era. Unless it is able to finance a program of essential public improvements in the next few years and at the same time make substantial tax reductions, the forces of deterioration will continue to operate and the vicious spiral of rising costs and declining revenues will be accelerated.

There are only two ways in which the City can extricate itself from its present position; either governmental costs must be greatly reduced or new sources of revenue must be found. In the present inflationary period, it will be extremely difficult to cut expenses, and the City is dependent upon action by the State for new sources of revenue. The situation poses a serious dilemma, and there is small consolation in the knowledge that almost every American community is in a similar situation.

A careful analysis of the needs of Newark reveals that almost \$100,000,000. of essential public improvements must be financed by bond issues within the next twenty-five



years and that \$20,000,000. of this total should be made available in the years 1947 to 1951. These estimates are exclusive of any further City-financed capital improvements at Newark Airport or Port Newark. If governmental costs continue at their present level and there is no substantial increase in revenues, the program cannot be carried out without maintaining or even increasing the indicated high tax rate of 1947. On the other hand, if some of the tax burden is removed from real estate, execution of the program will stimulate other improvements which, in turn, will increase the tax ratables and make it possible to lower the rate. To accomplish this objective, it is recommended:-

(1) That concerted efforts be directed toward obtaining financial assistance from the State during the current session of the Legislature.

(2) That an early agreement be reached with the Port of New York Authority for the leasing of Port Newark and the Airport.

(3) That costs of operating the City Government and the school system be reduced as much as possible consistent with the maintenance of efficient administration.

### Alternatives

(a) If general operating costs were to remain at their 1947 per capita level, there would be no increase in tax ratables, and present sources of revenue, outside the tax levy, would remain constant; to carry out the required program would result in increasing the estimated tax rate of \$6.07 in 1947, to \$6.47 in 1970. Needless to say, this alternative should not be given serious consideration.

(b) If the tax base remains constant, operating costs remain at their 1947 per capita level, and the program is carried out; to reduce the tax rate to \$5.00 in 1970, it would require additional revenues of \$555,000 in 1948, increasing annually to \$9,600,000 in 1970. The latter figures can be reduced by the amount of savings effected in City and School operating costs.

(c) If operating costs remain at 1947 per capita levels, and there is an annual increment of \$5,000,000 in tax ratables, the program can be executed, and, at the same time, the tax rate can be lowered to \$5.59 in 1970. A further decrease to \$5.53 could be accomplished by leasing the Airport and Seaport to the Port of New York Authority. (See Table 8 - Page 33 for details of this estimate).

### Summary of Program

The \$100,000,000 figure cited above includes only the City's share of the cost of carrying out the long range 25-year program. The complete 5-year program is estimated to cost \$72,149,000, and it would consist of the following items, part of the cost of which would be borne by private enterprise, revenue bonds, special assessments, and the State, County, and Federal Government.

1. School & Playhouse Improvements . . . . .	1,035,000	(1)
2. New City Hospital . . . . .	6,000,000	(1)
3. Construction of Loop & 2 <sup>nd</sup> Freeway . . . . .	3,000,000	(2)
4. Major Street Improvements . . . . .	3,115,000	(2)
5. Off-Street Parking Facilities . . . . .	7,812,000	(2)
6. Re-development of Slum Areas . . . . .	31,350,000	(2)
7. Street re-paving . . . . .	5,102,000	(2)
8. Incinerator . . . . .	1,250,000	(1)
9. Sewer construction . . . . .	500,000	(1)
10. Library Improvements . . . . .	600,000	(1)
11. Museum Improvements . . . . .	250,000	(1)
12. Miscellaneous Building Improvements . . . . .	300,000	(1)
13. War Memorial . . . . .	750,000	(2)

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**\$ 72,149,500**

1. Item financed entirely by bond issue
2. Item financed partially by bond issue

(See Table 6 for details)

The complete 25-year program total \$244,176,500 and consists of the following improvements:

Master Plan Items.

1. Major Street Improvements .....	15,453,300
2. Freeways .....	2,700,000
3. School and Playground Improvements ..	1,000,000
4. Parks .....	2,000,000
5. Public Auditorium .....	6,401,000
6. Sports Arena .....	6,813,500
7. War Memorial .....	500,000
8. Military Park Garage .....	1,000,000
9. Parking Garage .....	5,777,600
10. Parking lots .....	2,000,000
11. Re-development Projects .....	200,000
12. Grade Separations .....	250,000
13. City Hall Annex .....	1,000,000
Total .....	105,245,400

Other Capital Improvements.

1. City Hospital .....	6,000,000
2. Improvements to Water System .....	7,043,500
3. Street Re-paving .....	25,602,000
4. Sewer Construction .....	7,504,000
5. Incinerator .....	1,250,000
6. Newark College of Engineering .....	2,550,000
7. Library .....	1,001,000
8. Museum .....	200,000
9. Miscellaneous Buildings .....	1,500,000
Total .....	\$48,231,100

Grand Total ..... \$244,176,500

(See Table 5 for details.)

Method of Financing.Per Cent

1. General obligation bond issues	40.1
2. Special Assessments .....	7.2
3. Revenue Bond .....	14.6
4. County .....	4.5
5. State and Federal Government..	8.0
6. Private Interests .....	25.6
	100.0

## INTRODUCTION.

The Newark Master Plan is now complete, and the next step is to prepare a program for carrying out the various improvements recommended in the Plan. These improvements involve new schools, improved playgrounds, major street improvements, public buildings, off-street parking facilities, re-development of slum areas, Free-way construction, and numerous other public improvements. In addition to the Master Plan proposals, there are many other obligations which must be met by the City in modernizing and extending its public services. Among these are the re-paving of worn out streets, sewer construction, a new City Hospital, a new incinerator, improvements to various public buildings, and similar items.

The Master Plan is a medium for co-ordinating the program under which these various improvements would be authorized and constructed. It will make it possible to proceed with the program in an orderly and economical manner and it will place first things first and avoid duplication of effort.

The Master Plan is a guide to be followed in the future development of the City, and the program which effectuates the plan must be prepared and carried out with-

in the City's financial ability to pay, keeping in mind the importance of decreasing the City's tax rate.

A capital expenditure program consists of a list of improvements in the order of their importance to the community as a whole. Unless such a program is prepared and followed, there is grave danger that, because of special interest groups and political pressure, the timing schedule will be seriously disarranged, and the amount of bonds issued may be out of balance with the City's finances.

The Central Planning Board is the logical agency to prepare and see that the program is followed in the coming years. In some cities such as New York and Cincinnati, the Planning Commissions are legally required to prepare annual capital expenditure budgets and public works programs. Unless the proposed public improvement is part of this program, it may not be authorized. While there is no authority under the New Jersey Law for such a procedure, the capital expenditure program, as presented in this report can be used as a guide in determining the feasibility or practicability of the proposed new public improvements. It is the purpose of this report to assemble and estimate the cost of all

improvements proposed in the Master Plan that can be foreseen in the reasonably near future. In addition to these items, it is also necessary to compile the other public improvements mentioned above so that a complete picture of the needs of the community for the next 25 years can be clearly seen.

In order to determine whether or not the needed public improvements can be financed, it is necessary to make an exhaustive study of the City's financial requirements of the past, the present, and the future.

The program suggested in this report is not extravagant; although, on its face, it may appear large. It represents the essential needs of the community that must be met if the past trend of deterioration is to be reversed and the future Newark is to become a better place in which to live. The program is practical and realistic, and it does not contain any improvements which are not necessary for the future well-being of the City. It is so arranged that its component parts may be carried out in an orderly manner over a period of years and still result in a reduction of tax rates. By executing the program, property values will be stabilized, and new sources of tax revenues will be created. To undertake a lesser program would not succeed in creating a sound and stable community.

It is impossible to predict the economic changes such as another depression or another war which may occur in the future. These unknown factors may conceivably result in an entirely different picture of the City's financial future should they occur during the 25-year period in which the Plan is to be executed. For that reason, a definite program of individual projects should not be prepared for a long or varying and a 5-year period is generally adopted for its execution and can be reasonably forecasted. The 25-year program is outlined, it would be carried out by 5-year periods and adjusted to meet conditions which might be different than the ones visualized at this time.

#### ESTIMATES OF COST OF CARRYING OUT THE PROPOSALS OF THE NEWARK MASTER PLAN.

The Newark Master Plan is composed of certain component projects, as hereinafter relating to the improvement of streets and highways, facilities for off-street parking, reconstruction of the canal system, improvement of recreation facilities, reconstruction of public buildings, redevelopment of the downtown area, zoning, and improvement of transportation facilities.

As the Plan is a long-range and its essential parts of the Plan, the carrying out of the recommendations per-



taining thereto can be done without expenditures of the City's capital funds.

The Master Plan is a 25-year plan, and the program to be presented in this report covers that period. The large amount of funds needed to carry out these proposals makes it necessary to spread them out over the 25-year period, and the cost estimates for the individual projects necessarily are approximate only as they are subject to future changing economic conditions.

Many of the proposed improvements are those which would be made under any circumstances and do not represent a bond issue superimposed upon ordinary Governmental expenditures. While the actual cost of individual projects at the time they are constructed, may differ from the estimate, it is believed that the over-all cost is reasonably accurate and that it presents a fair picture of the community's requirements.

It was also realized that as new improvements are made, the cost of operation generally is increased. This has been kept in mind, and provisions have been made for increasing the current operating costs of the City.

In addition to the Master Plan proposals, a compilation was made of the needs of all other City Departments and Agencies as nearly as they could be obtained at this time. The inventory which was made at the time of the

report on a post-war public improvement program was reviewed with the sponsoring agencies, revised, and brought up to date. The former report referred to above was concerned only with the immediate post-war period and in no sense was intended to be a comprehensive public work program.

#### LOCAL GOVERNMENT FINANCES.

Before a public works or capital expenditure program can be prepared, an analysis of the organization and the operation of the various departments of local government must be made. This analysis should include past expenditures, probable future costs of carrying on governmental functions, and providing the public facilities for which they are organized. Such analysis must be done in order to determine the financial ability of the City to carry out such a program and to determine the limits which will govern the size of the program. As required by the State Law which regulates the commission form of government, the executive administrative, judicial and legislative powers, authorities, and duties in Newark are distributed among five departments. These are: the Department of Revenue and Finance, Public Affairs, Public Safety, Public Works, and Parks and Public Property.

The Department of Revenue and Finance provides such facilities and services as the assessment and collection of taxes, auditing, and the administration of pension funds. The Department of Public Affairs includes, among its many services, health agencies, including hospitals, welfare agencies, supervision of elections and the City Clerk's office. The major services rendered by the Department of Public Safety are for police and fire protection, including the Police Court, but also include such other facilities as licensing, the issuance of building and liquor permits, and traffic regulation and control. The Department of Public Works provides such services as streets, sewers, and public lighting. Among the facilities and services provided by the Department of Parks and Public Property are the maintenance of the City park system, public buildings and for closed property, City equipment and sanitation. The water supply system in Newark, a publicly owned, self-supporting utility, is under jurisdiction of the Department of Public Works.

Educational facilities in Newark, which include recreation, are controlled by a Board of Education composed of nine members appointed by the Mayor; the school budget, however is subject to the approval of the Board of School Estimate, composed of the Mayor, two City Commissioners, and two members of the Board of Education.

Essex County furnishes such services as courts, recording of deeds, the maintenance of certain highways, lying within the City limits, and under the administration of the County Park Commission, the maintenance of two large City parks, five neighborhood parks, and one parkway.

The capital expenditure program outlined in this report is an attempt to coordinate the activities of these various departments insofar as they affect the physical development of the City of Newark.

#### Trends in Assessed Values.

Trends in assessed values and tax rates for the period from 1926 to 1946 are shown on Table 1. It will be seen that Newark has experienced a net loss of \$64,000,000 in net valuations during the entire period. The loss of approximately \$141,000,000 in real property having been partially offset by an increase of \$62,000,000 in personal property valuation. The true gravity of the situation and its effect on the City's tax rate is realized only when account is taken of fluctuations during the intervening years. Between 1926 and 1937, total net valuations actually increased approximately \$190,000,000, reaching an all-time peak of \$962,000,000 in the latter year. Of this total increase, the percentage represented

NEWARK, N.J.

YEAR	REAL PROPERTY 2ND CLASS PAID TAXES	ALL OTHER LAND	BUILDINGS	PERSONAL PROPERTY	GROSS ASSESSED VALUATION	DEDUCTIBLE EXEMPTIONS & INDEBTEDNESS	NET ASSESSED VALUATION	PERCENT REAL PROPERTY ASSES. OF TOTAL	PERCENT POPUL- ATION	PERCAPITA NET ASSESSED VALUATION
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1926	\$ 5,072,103	\$ 285,482,720	\$ 356,466,970	\$ 150,554,850	\$ 777,576,673	\$ 5,654,700	\$ 771,916,873	80.8	431,212	\$ 1,730
1927	5,860,744	267,564,445	382,524,500	173,978,650	629,531,100	987,050	821,841,139	79.1	433,993	1,834
1928	6,374,770	270,764,355	405,125,500	189,940,730	871,775,113	24,764,000	846,831,123	77.7	436,774	1,939
1929	6,138,673	273,155,500	426,374,217	213,155,650	916,767,433	26,376,700	892,393,033	76.1	433,566	2,030
1930	6,746,165	290,531,350	436,124,000	184,467,500	911,222,013	28,433,100	886,788,783	75.4	442,337*	2,005
1931	7,039,175	291,639,935	441,565,750	190,775,150	911,839,110	28,550,500	887,088,510	79.6	444,079	2,011
1932	8,237,721	274,744,150	447,540,150	141,745,100	920,442,870	2,874,000	897,537,100	78.6	439,822	2,041
1933	8,143,278	278,307,510	443,146,370	171,246,600	904,537,390	20,732,000	877,005,038	80.7	439,564	1,999
1934	8,674,380	290,354,340	436,365,900	155,360,860	849,822,100	6,486,712	838,115,873	84.1	437,306	1,917
1935	8,210,273	290,597,760	446,133,077	213,717,100	849,647,100	6,149,800	843,233,053	77.3	436,049	2,163
1936	8,792,137	270,777,035	438,105,240	171,471,500	823,644,722	5,688,300	817,702,122	78.4	434,791	2,111
1937	8,757,254	270,115,520	429,711,700	264,250,300	767,114,274	5,681,000	761,935,274	73.6	433,563	2,219
1938	8,746,517	262,775,975	418,811,200	210,744,415	801,310,872	6,074,100	795,756,772	76.3	432,475	2,072
1939	8,270,278	250,677,230	404,320,000	170,777,100	726,11,708	5,816,200	726,117,550	73.6	431,113	1,922
1940	8,765,368	215,820,295	399,734,350	169,762,800	63,370,863	5,736,470	777,335,463	78.1	429,783*	1,910
1941	8,482,346	212,500,945	347,072,750	168,973,650	730,79,620	6,370,400	724,74,220	76.8	430,000	1,885
1942	8,842,913	196,466,270	329,547,500	175,615,000	704,702,293	4,921,500	704,74,783	71.0	430,000	1,839
1943	8,604,337	183,948,398	377,478,500	155,138,500	704,027,000	4,223,300	700,791,700	73.6	430,000	1,829
1944	8,937,413	180,957,757	374,197,170	137,73,770	711,70,000	5,743,500	706,117,550	72.1	430,700	1,842
1945	9,021,341	173,785,058	373,744,770	211,712,700	711,87,600	6,743,410	714,277,200	70.2	430,000	1,861
1946	9,391,819	167,385,481	322,744,500	211,712,700	713,255,800	5,565,700	707,687,300	70.7	432,600	1,835

\* Exemptions for household effects and Veterans.

# U.S. Bureau of Census figures - all other years are estimates.

by personal property was slightly higher than that of real property : 54 per cent as compared to 46 per cent. Valuations were somewhat inflated at this point, and the succeeding period from 1936 to 1940 witnessed a reduction in total valuations of slightly less than \$200,000,000. In 1941, a realistic revaluation of the City took place which resulted in a decrease of \$50,000,000 between 1940 and 1941 valuations, practically all of which deduction was on real property. Although further decreases took place between 1941 and now, valuations have shown a general tendency to increase since 1943, and the 1947 valuation is slightly higher than that of 1941.

Since 1937, when the highest valuation was attained, the City has therefore experienced a loss in ratables of approximately \$254,000,000, most of which has been in real property, and a relatively small amount in personal property. Of the total decrease, 82 per cent was for real property, and only 18 per cent for personal property. In 1938, the personal property valuation was only slightly higher than the 1947 figure.

The main reason for the City's loss in taxable wealth during the last decade is due to the deflation of overvalued property, but, since the revaluation of 1941,

there was no gain in taxable property until 1947. This condition is attributable to many factors, the most significant of which are the cessation of building activity due to the war emergency, and decrease in valuations due to obsolescence of existing structures. The seriousness of the situation becomes more apparent, however, if the period from 1926-1927 is re-examined; it will be seen that in spite of new building activity during the early years, a relative stability of valuation during the depression, and inflation of property values during the last half of the 30's, the net result has been a sizeable decrease in revenue producing property. The great loss in real property valuation is the most serious aspect of the decline, since it directly affects the bonding capacity of the City\*, thereby limiting its ability to borrow in the future.

The assessed valuation per capita has decreased from \$1,790 in 1926 to \$1,665 in 1947. This decrease is accentuated by the fact that the population has increased only slightly during the period. Per capita assessed valuation for personal property has shown an increase from \$349 to \$484 during the period, whereas per capita valuations for real property have decreased

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\*The statutory debt limit in New Jersey is based on a percentage of the net real property valuation.

from \$1441 to \$1,181.

### Trends in Tax Rates.

As shown on Table 2, the total tax rate per \$100 of property in Newark has varied between \$3.28 and \$5.75 since 1926. From 1926 until the depression, increases in City expenditures were offset by increases in valuation, and the increase in the tax rate was relatively small. During the depression, significant cuts in expenditures and a stable valuation permitted a decrease in the tax rate. In 1933 the tax rate reached a low of \$3.28 which was due to the fact that only one-half of the school budget was included that year due to a change in the school fiscal year. Adoption of the cash basis in the City's finances in 1938 with the statutory provision requiring the City to set up a reserve in the budget equal to the amount of uncollected taxes during the previous year resulted in a jump of almost \$1.00 in the tax rate. Increasing City expenditures with an accompanying loss in valuation increased the tax rate from 1938 until it reached a peak of \$5.75 in 1941. Between 1941 and 1945, operating costs were materially reduced, permitting a reduction in the tax rate to \$5.16, although the City was experiencing at the same time, a loss of ratables. Tax collections, however, improved dur-



TABLE 2  
DISTRIBUTION OF TAX RATE

1926 - 1946 Incl.

FEARNS, N.J.

YEAR	TOTAL MUNICIPAL (Excluding Schools)	LOCAL SCHOOLS	COUNTY	STATE	TOTAL
1926	\$ 1.84 60.5%	\$ .84 23.1%	\$ .52 14.3%	\$ .44 12.1%	\$ 3.64 100.0%
1927	1.94 61.2%	.89 23.4%	.60 13.2%	.46 12.2%	3.79 100.0%
1928	1.98 61.8%	.90 23.4%	.52 13.6%	.43 11.2%	3.83 100.0%
1929	1.93 60.8%	.87 22.9%	.56 14.7%	.44 11.6%	3.80 100.0%
1930	1.98 59.2%	.94 23.8%	.58 14.7%	.44 11.3%	3.94 100.0%
1931	2.01 59.5%	.98 24.6%	.80 15.1%	.39 9.8%	3.98 100.0%
1932	1.92 59.6%	.89 23.4%	.60 15.8%	.39 10.3%	3.80 100.0%
1933	1.98 60.3%	.84 10.4%	.56 17.1%	.40 12.2%	3.28 100.0%
1934	2.15 56.9%	.68 16.9%	.52 14.2%	.29 8.0%	3.65 100.0%
1935	1.96 56.3%	.65 19.3%	.47 14.0%	.28 8.4%	3.36 100.0%
1936	2.30 60.4%	.72 18.9%	.49 12.6%	.30 7.9%	3.81 100.0%
1937	2.14 68.0%	.77 20.8%	.50 13.5%	.28 7.7%	3.69 100.0%
1938	2.77 60.1%	.89 19.3%	.61 13.2%	.34 7.4%	4.61 100.0%
1939	2.65 58.3%	.95 20.9%	.63 13.0%	.32 7.0%	4.55 100.0%
1940	2.85 68.8%	1.07 22.1%	.61 12.6%	.32 6.6%	4.85 100.0%
1941	3.45 60.0%	1.36 23.6%	.66 11.6%	.28 4.9%	5.75 100.0%
1942	3.60 68.1%	.95 17.9%	.53 10.0%	.21 4.0%	5.29 100.0%
1943	3.53 66.4%	.98 18.4%	.68 10.9%	.22 4.3%	5.31 100.0%
1944	3.42 84.6%	1.06 20.0%	.59 11.1%	.23 4.4%	5.30 100.0%
1945	3.29 63.7	1.06 20.6%	.68 11.2%	.23 4.5%	5.16 100.0%
1946	3.87 66.3%	1.10 19.8%	.62 11.2%	.17 2.7%	5.56 100.0%

ing this period so that it was not necessary to provide as large a reserve as formerly. 1946 operating expenditures were substantially larger than those of 1945, and these expenditures together with the loss of approximately \$7,000,000 in valuations necessitated an increase of 50 points in the tax rate. Anticipated expenditures for 1947 indicate a further increase in the tax rate to a peak of \$6.00 or more, in spite of an increase of approximately \$18,000,000 in the 1947 net assessed valuation over that of 1946.

Table 2 also reveals the various rates which go to make up the total rate. These include rates for Municipal, County, and State purposes. In 1946, the State School Tax was the only State levy, but, in the past, taxes have been levied for such purposes as roads, bridges and tunnels, institutions, and soldiers' bonus. The provisions of the Pascoe Bill, applicable in 1947, abolish the State School Tax, thus eliminating any State Tax. State taxes are a distinct possibility for 1948, however, in view of the proposed State Bonus and the probable revision of tax structure.

In a municipality such as Newark, where real and personal property taxation produces about 90 per cent of the total revenue, a large increase in the tax

rate as has been experienced in the past few years places an increasingly heavy burden on the property-owner. In 1946, for the first time, the average general property tax rate in New Jersey was in excess of \$5.00, and it is probable that the Newark rate will be in the vicinity of \$6.00 in 1947. Taxes such as these cannot go much higher without becoming confiscatory. However, New Jersey places no limit on tax rates as is customary in certain other States. Increased aid from State and Federal sources, pronounced economies in municipal costs, and new sources of income will be required in the future if revenue is continued to be derived from the present tax basis. It is possible that the present basis of taxation may undergo a complete overhauling as was recently recommended by Governor Driscoll in his inaugural address. At the present writing, it is difficult to surmise what form the revision will take, but some satisfaction can be gained from the fact that the main purpose of the proposed revision will be the more equitable distribution of revenue to the larger cities through broadening and altering the tax base on the State level, and increased State aid to municipalities for schools and roads. Regardless of these projected changes, however, economy should be exercised in City operating expenditures in order to full realize the objectives of the capital expenditure program. The importance of this will be brought

out in the analysis of City expenditures and revenues contained in the following section.

#### Past Trend in City Expenditures.

Table 3 is a break-down of the City's annual expenditures showing the allocations to various functional divisions of the City Government, Schools and Debt Service, State and County Taxes, and other purposes.

The 20-year period covered by the table includes the inflationary period culminating in 1930, the depression years, the post-depression period, the war years, and two post-war years. Fluctuations in the City's expenditures follow the economic changes closely. For the 5-year period beginning in 1926 and extending to 1930, total City costs increased from approximately \$31,000,000 to \$42,000,000. During the worst period of the depression the cost declined to \$25,500,000 in 1933. Because of deferred expenses, a sharp increase occurred beginning in 1934 and continued to 1938, when the peak was reached in annual expenditures. Since 1938, governmental costs have been decreased annually until 1944, but since that time they are again rising. The \$48,000,000 expenditure in 1946 is about the same as that of 1936, and the 1947 report, materially greater.



The total increase in City expenses has been fairly uniformly distributed throughout all departments and agencies. Funds devoted to welfare show the greatest fluctuation as economic conditions have dictated the amount of money spent for such purposes. For example - during the depression years, when Federal Government carried the main relief load, welfare costs varied from \$500,000 to almost \$2,000,000. Beginning in 1939, however, these costs rose sharply, but they have been declining regularly since. Expenditures for sanitation have remained fairly constant, and, in 1946, they were only slightly more than in 1926 and 1927. Likewise, the cost of the Fire Department and Streets have remained fairly constant throughout the years.

One of the largest expenditures is that for debt service, which increased from \$3,700,000 in 1926 to a peak of \$9,500,000 in 1939. Since that time, substantial reductions have been made in the debt service costs, and, in 1946, these amounted to \$6,500,000.

One reason for the extremely high costs during the post-depression years was the necessity for including in the budget, a sum equal to the estimated uncollected taxes of the previous year. For the years 1935 to 1938, this sum amounted to \$10,000,000 or more annually, but in recent years the tax collection record has been so good that in 1946 it amounted to less than \$4,000,000.

Costs of General City Government, Health Services, and Schools all have risen substantially during the past 20 years. Opportunities for economies tending to lower the overall cost of City Government would seem to lie largely within these Departments, but in the present inflationary period, it will be extremely difficult to cut costs materially where they are reflected to largely by wages and salaries.

Table 3 also shows the percentage of the cost of each Governmental function to the total expenditure.

#### Sources of Municipal Revenue.

The City derives its revenue from various sources, the principal one of which is the tax levy on real and personal property. Other revenue comes from licenses, fees, taxes on public utilities, payments and interest on tax levies, collections of delinquent taxes, sale of tax title liens, and levies on bank stock and railroad property. Table 4 shows the amount and kind of revenue received by the City annually since 1926.

The total revenues received by the City amounted to approximately \$30,000,000 in 1926. This has risen with certain variations to \$37,000,000. In 1941 and in 1946 amounted to \$44,000,000.





It is significant to note that the revenue derived from tax levies on real and personal property, bank stock, and second class railroads now constitutes more than 80% of the total revenues. If collections of delinquent taxes and tax title liens are included, the total rises to 86%. This shows that the main source of revenue is derived from taxes levied on real and personal property. With the rising cost of government and the decreasing valuations, the burden on real estate and personal property is becoming very great. It becomes more and more apparent that there must be a complete revision of the State taxing policy to provide means for securing municipal revenues from sources other than levies against real and personal property. So long as the present situation exists, it will be very difficult to attract new industries and new housing developments to Newark.

#### THE PROPOSED 25-YEAR PUBLIC WORKS PROGRAM.

As explained earlier in the report, cost estimates have been prepared for all of the public improvements considered necessary during the next 25 years in Newark. These improvements fall into two categories. First, those which are proposed in the Master Plan and, Second, those of a miscellaneous character originating in various governmental departments and agencies. While it is im-

possible to accurately estimate costs so far in the future, it is necessary to secure an over-all picture of the requirements based on the best judgment and knowledge of conditions at the present time.

Table 5 summarizes the over-all 25-year program by sub-divisions of the classes of improvements and by the proposed method of financing and construction. In preparing this program, it was not limited to improvements to be financed entirely by public funds. To carry out the Master Plan proposals, it will be necessary to develop on a co-operative basis including the financial resources of the City, County, State, Federal Government, and private enterprise.

The proposed program totals \$644,000,000, of which \$196,000,000 consists of projects proposed in the Master Plan and \$448,000,000 for miscellaneous items. Of the total program, a little less than \$48,000,000 is proposed to be financed by issuance of General Obligation Bonds of the City of Newark. Approximately \$67,000,000 of this amount represents Master Plan proposals, while \$31,000,000 includes miscellaneous items.

Private enterprise must play a large part in this program, particularly in developing the comprehensive

TABLE 5

## SUMMARY OF CAPITAL IMPROVEMENT PROGRAM AND AMOUNT OF GENERAL IMPROVEMENT BONDS NEEDED TO FINANCE CITY'S SHARE OF COST.

1948 - 1975

NEWARK, N.J.

MAJOR AND IMPROVEMENTS	TOTAL ESTIMATED COST	CITY OF NEWARK BOND ISSUES	METHOD OF FINANCING		STATE & FED. GOV'T	PRIVATE	COUNTY	GENERAL OBLIGATION BONDS TO BE ISSUED BY CITY.		
			SPECIAL ASSESSMENT	REVENUE BOND				1947---1961	1962---1961	1962 ---1971
MASTER PLAN ITEMS										
Major Street Improvements	\$36,044,200	\$ 17,000,000	\$ 8,891,000				\$ 9,067,300	\$ 150,000	\$ 6,282,200	\$ 3,517,800
Fences	21,000,000		3,800,000(2)		\$ 17,500,000			1,000,000	1,280,000	1,250,000
Schools and Playgrounds	38,315,000	38,315,000						5,939,000	16,188,000	16,188,000
Parks	2,000,000						2,000,000	-	-	-
Auditorium	6,461,000	6,461,000						-	6,461,000	-
Sports Arena	8,813,500	415,800(1)				\$ 8,400,000		-	-	415,500
War Memorial	250,000	250,000				500,000		260,000	-	-
Military Park Garage	2,025,000					2,055,000		-	-	-
Over Jack Parking Garages	6,777,800			\$ 2,665,800(1)		5,111,000		-	-	-
Parking Lots	6,000,000			6,000,000(1)				-	-	-
Redevelopment Projects	68,900,000			27,000,000(1)		40,800,000		-	-	-
Grade Separations	250,000	250,000						-	250,000	-
City Hall Annex	1,000,000	1,000,000						-	-	1,000,000
	\$198,947,400	\$ 87,285,500	\$ 8,891,000	\$ 26,865,800	\$ 17,500,000	\$ 62,746,300	\$ 11,082,300	\$ 7,639,000	\$ 30,361,200	\$ 27,399,300
Percent	100.0	54.3	4.4	24.6	9.0	32.0	6.6			
OTHER CAPITAL IMPROVEMENTS.										
City Hospital	\$ 6,000,000	\$ 6,000,000						\$6,000,000	-	-
Improvements to Water System	7,043,800			\$ 7,043,800				-	-	-
Street Paving	26,032,000	16,097,000	\$ 8,705,000					3,379,400	5,740,800	6,780,800
Sewer Construction	2,804,000	2,804,000						500,000	1,000,000	1,004,000
Incinerator	1,250,000	1,250,000						1,250,000	-	-
Newark College of Engineering	2,550,000	510,000				2,040,000		-	510,000	-
Library	1,281,800	1,281,800						781,500	500,000	-
Museum	800,000	800,000						250,000	280,000	-
Kinnel sneeze Buildings	1,500,000	1,500,000						300,000	600,000	600,000
	\$ 48,284,100	\$ 30,447,800	\$ 8,705,000	\$ 7,043,800	\$ 2,040,000			\$ 12,461,000	\$ 9,610,800	\$ 8,362,800
Percent	100.0	63.2	18.0	14.6	4.2					
Total	\$244,175,500	\$ 117,732,100	\$ 17,596,000	\$ 33,909,600	\$ 19,540,000	\$ 62,546,000	\$ 11,082,300	\$ 20,000,000	\$ 40,000,000	\$ 35,762,100
Percent	100.0	40.1	7.2	14.8	8.0	26.6	4.5			

Notes - (1) Estimated Cost of Land.

(2) One-third of Estimated Cost of Right-of-Way.

plans for re-development of slum areas, the provisions for off-street parking, and the construction of the Street Arena. More than 25% of the cost of the total program will be borne by private interests.

Another important source of revenue to be used in financing the program is that of Revenue Bonds. These are to be principally employed to finance the City's cost of acquiring land for off-street parking facilities and privately financed re-development projects. The improvements to the water system are also self-supporting and will be financed by Revenue Bonds. A total of more than \$35,000,000 is the estimated need for this type of financing, representing 14.6% of the total cost of the program.

It is also recommended that the various Major Street improvements and street paving costs be partially financed by special assessment against benefitting property. This method of financing has been used successfully in the past, and it is strongly urged that it be maintained as a continuing policy in the future. It is estimated that some \$18,000,000 will be assessed in carrying out the Street Improvement Plan, or 7.2% of the total cost.

It is anticipated that the County, State, and Federal Governments will render substantial financial assistance to the City in developing the Streets and Highway Improvement Program and new Parks. The proposed Freeway construction will involve approximately \$17,500,000 of State and Federal Funds, while the improving of certain routes recommended to be taken over by the County will involve the expenditure of approximately \$9,000,000 of County funds. The City's share of the cost of constructing the Freeways is estimated at \$3,500,000 which represents one-third of the estimated cost of acquiring rights-of-way. This figure is subject to change as to date no policy for municipal participation in Freeway costs has been announced by the State Highway Department.

With the exception of anticipated Federal aid in highway construction, the estimates do not include any other Federal assistance. If, by Act of Congress, such aid is made available, the estimated City costs of such buildings as the City Hospital, Library, Museum, and others may be reduced.

The program outlined herein, while it appears large, represents a realistic and practical picture of the future needs of Newark. No attempt is made to specify the individual projects to be constructed in the period extend-

and beyond five year . However, a more or less detailed program has been suggested for the period of 1947 to 1951, inclusive. This program is shown in Table 8.

#### SUGGESTED 5-YEAR PROGRAM - 1947 TO 1951, INCLUSIVE.

It was previously determined that the City could issue \$4,000,000 worth of Bonds annually during the ensuing twenty-five years, and, at the same time, reduce the tax rate. For the 5-year period beginning in 1947, a total of \$20,000,000 in General Obligation Bonds are proposed to be issued. The total program for this period amounts to \$21,000,000 of which \$52,000,000 is to be financed from sources other than general bond issues. Details of the program are shown in Table 6.

There are four major classes of improvement included in this program. The first class consists of Major Street Improvements and includes the construction of the Route 25-A Freeway from Clifton Avenue to the west City limits. This improvement is estimated to cost \$6,000,000, of which the City's share of right-of-way acquisition costs is estimated at \$1,000,000, the remainder to be paid for by the State and Federal Governments. The Major Street Program also includes the widening of Lock Street from Sussex Avenue to Warren Street and the construction of a grade separation

	ESTIMATED TOTAL COST OF IMPROVEMENT	ESTIMATED COST TO CITY OF NEW YORK	ESTIMATED COST TO OTHER AGENCIES	EXPLANATORY NOTES
<u>Major Street Improvements</u>				
a. Widening of East 25th Avenue from Clinton Avenue to West City Limits.	\$ 6,000,000	\$ 1,000,000(1)	\$ 5,000,000(2)	(1) Estimated E-O-W cost to City (2/3 of Total)
b. Widening West Street, Sussex to Harlem and crosswalk overpass at Central and East	480,000	360,000	120,000(3)	(2) Estimated construction cost to be borne by State & Federal Government.
c. Broadway Avenue widening City Line to Broadway.	5,485,400	-	5,485,400(4)	(3) To be assessed against benefited property
d. Broadway widening Pleasant to Seventh Avenue.	908,780	-	908,780(4)	(4) To be held by Essex County.
e. Clinton & Belmont crosswalk improvement.	1,180,780	-	1,180,780(4)	
<u>Local and V approved Improvements</u>				
a. DeWitt Street School.	760,000	760,000	-	
b. Rebuilding Westmouth Street School.	1,375,000	1,375,000	-	
c. Rebuilding McKinley School	1,375,000	1,375,000	-	
d. Rebuilding West 10th Street School.	1,600,000	1,600,000	-	
e. Alterations to Webster Street School.	300,000	300,000	-	
f. Rebuilding Hawkins Street School site.	310,000	310,000	-	
g. Miscellaneous Alterations.	809,000	809,000	-	
<u>War Memorials</u>				
a. Landmark of Park Area	760,000	280,000	500,000(5)	(5) Estimated cost of Parking Garage under War Memorial. To be 50%ately financed
<u>Parking Facilities</u>				
a. Military Park Garage.	2,085,000	-	2,085,000(6)	(6) To be financed by private interests.
b. 4 Multiple Deck Garages as proposed in Major Street Plan.	2,725,000	-	2,725,000(7)	(7) \$1,614,000 for land acquisition, to be financed by Revenue Bonds.
c. Parking Lots	3,062,000	-	3,062,000(8)	(8) Estimated cost of acquiring land for 1/2 of proposed parking lots. To be financed by Revenue Bonds
<u>Redevelopment Projects</u>				
a. 1st Ward	26,500,000	-	26,500,000(9)	(9) \$6,835,000 estimated cost of land. To be financed by Revenue Bonds \$19,665,000 estimated construction cost To be financed by private interests
b. 3rd Ward Area "A"	6,880,000	-	6,880,000(10)	(10) \$2,000,000 estimated cost of land. To be financed by Revenue Bonds \$4,880,000 estimated construction cost. To be financed by private interests.
<u>City Hospital</u>				
a. City Hospital.	6,000,000	6,000,000	-	
<u>Street Repaving</u>				
a. Street Repaving.	5,100,000	3,375,400	1,724,600(11)	(11) To be assessed against benefited property
<u>General Construction</u>				
a. General Construction.	800,000	800,000	-	
<u>Industrial</u>				
a. Industrial.	1,260,000	1,260,000	-	
<u>Minor Improvements</u>				
a. Minor Improvements	75,000	75,000	-	
<u>Other Minor Buildings</u>				
a. Other Minor Buildings.	300,000	300,000	-	
<u>Minor Improvements</u>				
a. Minor Improvements.	280,000	280,000	-	
TOTAL	\$ 72,149,800	\$ 10,000,000	\$ 52,149,800	

structure at Central Avenue and Lock Street. While this expense is shown to be largely borne by the City, it is possible that it will be a part of the County or State Highway Program of the future. Other street improvement projects include County improvements such as the widening of Elmfield Avenue and the proposed widening of a roadway between Elmfield Avenue and Seventh Avenue. It also includes the improvement of a north and south cross-town road, composed of Mt. Prospect Avenue, Clifton Avenue, Belmont Avenue, and other streets.

The second main class of improvements has to do with schools and playgrounds, and a total of \$5,939,000 is set aside in the table for this purpose. This expense must all be met by the City unless some form of Federal aid is forthcoming in the future. A suggested list of schools and playground improvements is included in the program which is co-ordinated with the proposed re-development plans for the First and Third wards. However, it may be advisable to adjust the individual school improvements during the period and as long as the total cost is kept within that of the program, this could be done without harm. The school improvements include the new Dayton Street School, already authorized, and the re-building of Monmouth, McKinley, and Charleston Street Schools as a part of the re-



development program in the areas in which they are located. It also includes alterations to convert Webster Street School into a Junior High School and the enlargement of the Hawkins Street School site.

The third major category into which the improvement program falls is that of off-street parking facilities. If the proposals of the Major Street Plan are carried out, the system of off-street parking garages and lots, including the Military Park Garage, would be financed by private enterprise, and while the City would be obligated to furnish the land, it is anticipated that such purchases would be financed by Revenue Bonds retired from income derived from the facility. A total of \$7,812,000 is included in this part of the program.

Re-development projects constitute the fourth major class of improvements and the cost of clearing and re-building the proposed areas in the First Ward and the Third Ward would aggregate more than \$31,000,000. Here again, no General Obligation Bonds are required on the part of the City, and under the Preiser Act the cost of acquiring land by the City can be defrayed by issuance of Revenue Bonds to be retired from the proceeds of the property.

Other major improvements contemplated, include the construction of the proposed War Memorial opposite the Pennsylvania Railroad Station at a cost of \$750,000, of which the City would pay \$250,000 and private interests \$500,000, the latter figure representing estimated cost of constructing underground parking facilities.

\$6,000,000 of City cost is included for the new City Hospital based on the estimated cost of a 1,000 bed hospital on the present site.

Other improvements include re-paving of streets, sewer construction, a new incinerator, major alterations and additions to the Library, improvements to the Museum, and miscellaneous buildings.

The table shows, by explanatory notes, the division of estimated cost by the various financing agencies.

#### FUTURE BONDING CAPACITY OF NEWARK

At the present time, the outstanding net debt for Newark exceeds the statutory debt limit of 7 per cent of the assessed valuation of real property. In 1946, this excess amounted to \$7,359,287; it will be reduced to \$1,259,250 in 1948, and thereafter will be within the limitation. In order not to make it impossible for cities which have exceeded their debt limit to issue more bonds, Section 40:1-16.1 of the

revised Statute sets a formula based on the percentage that the net debt bears to the average assessed valuation of real estate and the amount of debt outstanding that has been retired during the year. This will permit issuance of additional bonds. The State Law also permits a debt to be created for School purposes not to exceed 6 per cent of the assessed valuation of real property. However, the State Law further limits the combined municipal and school debt to 11 per cent of the real property valuation.

In order to show the effect of the bond issues proposed under the long-range improvement program, Table 7 has been prepared. It has been assumed that the assessed valuation of real estate will remain constant at \$15 million dollars between the years 1946 and 1970. This is a conservative estimate as it is anticipated that there will be an annual increment to assessed values brought about by carrying out the improvements proposed in the Master Plan. The outstanding net debt for both City and School purposes in 1946 was \$51,506,112, which was about 5 million dollars less than the debt limit of 11 per cent or \$56,650,000. The present bonded debt will be retired by 1972, and will be reduced from its present level to \$11,000,000 in 1970. During that period, it is assumed that the debt limit will remain constant, and, consequently, there will be an ever-increasing margin for new

TABLE 7  
ANALYSIS OF FUTURE BONDING CAPACITY UNDER PRESENT STATUTORY LIMITATIONS

1948 - 1970 INCL.

NEWARK, N.J.

YEAR	ASSESSED VAL. BY ESTATE (AVER. 3 YEAR)	EXISTING NET DEBT STAND. CITY & SCHOOL	NET LIMIT 1) 11% C.L.L.	BONDING CAPACITY (COL. 3-COL.2)	NET DEBT CUMULATING 2) (PROP. PROGRAM)	BONDING CAPACITY IN ADDITION TO PROP. PROGRAM
1948	\$515,000	\$51,608,112	\$ 56,650,000	\$ 8,143,888	\$ 51,608,112	\$ 6,145,888
1947	513,000	47,998,268	56,430,000	8,434,732	51,596,268	4,434,732
1946	515,000	44,251,829	56,650,000	12,388,171	52,060,963	4,589,017
1949	515,000	40,718,886	56,650,000	15,931,114	52,118,040	4,531,960
1950	515,000	37,327,610	56,650,000	19,322,390	52,026,764	4,623,236
1951	516,000	34,560,384	56,650,000	22,089,616	52,459,488	4,190,512
1952	515,000	31,838,811	56,650,000	24,811,189	52,737,265	3,912,035
1953	515,000	29,251,000	56,650,000	27,399,000	52,949,154	3,700,846
1954	515,000	26,380,619	56,650,000	30,269,381	52,899,773	3,750,227
1955	515,000	23,808,760	56,650,000	32,841,240	52,729,514	3,920,086
1956	515,000	21,357,547	56,650,000	35,292,453	52,490,701	4,159,299
1957	515,000	18,975,694	56,650,000	37,674,316	52,110,856	4,539,142
1958	515,000	16,675,220	56,650,000	40,000,000	51,675,220	5,000,000
1959	515,000	14,455,220	56,650,000	42,200,000	51,255,220	5,400,000
1960	515,000	12,315,620	56,650,000	44,331,480	50,253,674	6,396,326
1961	515,000	10,255,220	56,650,000	46,400,000	49,253,674	7,400,000
1962	515,000	8,275,220	56,650,000	48,400,000	48,253,674	8,400,000
1963	515,000	6,375,220	56,650,000	50,350,000	47,253,674	9,400,000
1964	515,000	4,555,220	56,650,000	52,250,000	46,253,674	10,400,000
1965	515,000	2,815,220	56,650,000	54,100,000	45,253,674	11,400,000
1966	515,000	1,155,220	56,650,000	55,900,000	44,253,674	12,400,000
1967	515,000	(58,720)	56,650,000	57,650,000	43,253,674	13,400,000
1968	515,000	(1,375,220)	56,650,000	59,350,000	42,253,674	14,400,000
1969	515,000	(2,955,220)	56,650,000	61,000,000	41,253,674	15,400,000
1970	\$ 515,000	\$ 1,224,000	\$ 56,650,000	\$ 56,426,000	\$ 43,450,000	\$ 13,200,000

(1) Combined Municipal and School Debt Limit is eleven percent of the assessed valuation of real estate.

(2) Based on issuing \$4,000,000. of 30-Year 3% Serial Bonds annually beginning in 1947.

bona debts. This amount will be \$8,434,732 in 1947 and will increase to \$10,426,000 in 1970. The proposed program contemplates the issuance of 4 million dollars annually of 30-year serial bonds bearing 3 percent interest. Added to the present net debt, there will be an increase from \$1,995,268 in 1947 to \$52,947,154 in 1953, after which the outstanding net debt will decrease annually until it reaches a total of \$42,450,000 in 1970. This is approximately the same as the net debt in 1948.

The proposed financing of the long-range program will not use up all of the bonding capacity of the City. If necessary, additional bonds could be issued ranging in amount from \$4,434,732 in 1947; to \$6,396,326 in 1960; \$9,958,550 in 1965 and \$13,200,000 in 1970.

Thus, it is seen that the proposed program will not require a change in the statutory debt limit in order to finance it if the value of real property does not substantially decline in the future. Even if that occurs, and it seems unlikely that it will, the special formula described previously would be available for use and would make it possible to still issue the required amount of bonds.

## EFFECT OF PROPOSED IMPROVEMENT PROGRAM ON FUTURE TAX RATE.

The necessity for increasing the present tax rate in New York has been emphasized on many occasions in this and other reports. Table 8 has been prepared to show how the improvement program can be carried out, and, at the same time, reduce the tax rate. In preparing this analysis, it was necessary to make certain assumptions. These were:

(1) That there would be an average annual increase in tax ratables of 5 million dollars in the period from 1947 to 1970. While this assumption may appear optimistic, it should be borne in mind that the carrying out of the projected improvement program will encourage new developments which, in turn, will add to the tax base. On the other hand, if sufficient new sources of revenue become available to the City, it will have the same effect as if the tax ratables were increased annually.

(2) It is assumed that the 1947 tax rate will be 36.07. At the time this report was written, the budget for the City had not yet been formally adopted and the official tax rate was not known.

(3) It was further assumed that the present high level of City, School, and County operating costs would be maintained in the future and that the per capita cost would be constant.



(4) It is assumed that the revenue derived from sources other than property taxation would increase in proportion to the increase in population.

Based on the above assumptions, the assessed valuation would increase from \$725,500,000 in 1947 to \$840,000,000 in 1970. During the same period, general operating costs of the City would increase from an estimated \$21,750,000 in 1947 to \$23,552,800 in 1970; school operating costs would increase from \$13,200,000 in 1947 to \$14,391,600 in 1970; and County taxes would increase from \$5,750,000 in 1947 to \$6,693,250 in 1970.

Inasmuch as the existing bonded debt will be virtually retired in 1970, debt service costs decrease rapidly during the period and whereas in 1947 it amounted to \$5,605,650, in 1970 it will be only \$462,038.

The cost of servicing the new issues will add materially to the City Budget. This cost beginning in 1948 will increase from \$320,000 annually to a peak of \$5,054,000 in 1966, and, thereafter, will remain constant at \$5,260,000 until 1970.

The total cost of operating the City and Schools will increase from \$46,875,650 in 1947 to \$50,769,688 in 1970. Allowing for anticipated revenues from sources other



than real and personal property taxation and assuming that the reserve for uncollected taxes will remain fairly constant at about \$4,500,000, the total levy from which the tax rate is determined will show an increase from \$44,045,275 in 1947 to \$48,943,060 in 1970. This results in a tax rate estimated at .607 in 1947 which will be gradually decreased until it reaches \$5.59 in 1970.

If the City and the Port of New York Authority, on the basis of the January 7, 1947 proposal, enter into an agreement for the leasing of the Airport and Seaport to the Authority, the rental received will result in a further decrease in the tax rate. Beginning in 1956, this decrease amounts to 4 points and increases to 6 points in 1970.

It is realized that even though the tax rate is reduced to \$5.59 by 1970, it will still be too high to keep the City on a stable financial base. Other ways and means must be found to further reduce this rate. If the tax rates have not increased over the 1947 level and a \$5.00 tax rate is to be achieved by 1970, it will be necessary to secure other revenues in an increasing amount if the necessary improvement program is to be carried out. It is estimated that the amount required for this purpose in 1948 will be \$550,000 and that this will increase until it reaches \$9,601,000 in 1970. The same result can be accomplished by a

Corresponding reduction in the City and Schools operating expense, and a combination of new revenues, plus strict economy should make it possible to reach the \$5.00 rate.

This is the most serious question now facing the City, and it must be solved if progress is to be maintained in the future.

ADMINISTRATIVE POLICY AND PRACTICE.

## INTRODUCTION.

Completion of the Master Plan for Newark marks the close of the first phase of the Planning Board's work.

While this is an essential first step, the adoption, execution, protection, and periodical revision of the Master Plan is of far more importance to the future well-being of the community. Unless the Planning Board functions as a continuing and permanent part of the City's administration and unless it succeeds in securing full public understanding and support of its objectives, the Master Plan may suffer the same fate as that of the 1916 Plan. It would be most unfortunate should this happen again.

Fortunately, conditions are entirely different in 1947 than they were in 1916, so far as the success of the planning program is concerned. In 1916, planning was in its infancy and the Newark Plan was a pioneering effort for which little precedent existed, and a sound legal background was entirely lacking. While the former Planning Board was composed of an exceptionally well qualified group of citizens, their efforts apparently came to naught because of the fact that the Plan was not accepted by the Governing Body and became the victim of changing policies and politi-

by a lack of understanding and a determination on the part of the citizens that the Plan should be a permanent one for the community's development.

The Commission has been very helpful in carrying out its duties and has achieved a large score. It is now the duty of the Board to determine to follow its proposals. If this favorable situation can be maintained over the next few years, it augurs well for the future of Newark.

#### RECOMMENDATIONS

The Commission has recommended that the following procedure be followed by the Planning Board in making the Master Plan official. Paragraph 4:5 of the Revised Statutes of New Jersey, reads as follows:

"Planning Board; general powers and duties; Master plan. The planning board shall make and submit a master plan for the municipality of the municipality, including a statement of the municipality's goals, in the form of a plan, with the necessary maps, charts, drawings and descriptive matter, and submit it to the governing body of the municipality. The plan, with the necessary maps, charts, drawings and descriptive matter, shall be submitted to the governing body of the municipality.

board shall have authority for the development of said territory, and for all other things, the general location, character and extent of streets, subways, bridges, waterways, water fronts, parks, playgrounds, square, parks, aviation fields, and other ways, grounds, and open spaces, the general location of public buildings and other public structures, the general location and extent of major public utility and terminal facilities, whether publicly or privately owned, and general plans for the removal, relocation, widening, narrowing, vacating, abandonment, change of use or change of use of any of the foregoing ways, grounds, open spaces, buildings, property, utilities or terminals. As the master plan progresses, the board may, from time to time, adopt and publish parts thereof, any part thereof, or one or more of the aforesaid or other features to be included in the plan. The board may, from time to time, amend, extend or add to the plan. In the preparation of the plan the planning board shall give due consideration to the probable ability of the municipality to carry out the various projects embraced in the plan without the imposition of unreasonable financial burden. The board may be given the additional authority and powers as the zoning commission under article 3 of this chapter.

Having completed the work of preparing the Master Plan and having prepared a long range capital improvement program to be carried out within the financial limits of the City, the next step is to formally adopt the Master Plan - thus making it official.

Section 40:55-6 of the Revised Statutes reads as follows:-

"Improvements submitted to board; governing body may overrule board. Whenever the planning board shall have adopted the master plan, or any part thereof, no street, sidewalk or public way, ground or open space or public building or structure, or major public utility, whether public or private, shall be constructed or authorized in the municipality, within the part thereof shown in the master plan as adopted, until the location, character and extent thereof has been submitted to the planning board for approval. The planning board shall, as soon as conveniently possible, report in writing to the governing body its action thereon, and in the case of disapproval its reasons therefor. The governing body may overrule such disapproval by a recorded vote of not less than two thirds of its entire membership. The planning board shall be authorized to act on matter referred to it pursuant to this section, within forty-five days from and after the date of official submission of the matter to it, shall be deemed approval."

The language of the above section clearly shows that the Planning Board does not usurp any of the Governing Body's authority and its action is only advisory. The fact that every proposed improvement of a substantial nature must be submitted to the Planning Board for a report will, in itself, go a long way toward insuring that the Plan will be intelligently carried out. Long experience has shown that there is no other practical way to accomplish this result, and in those cities which have operated under similar legislation, the accomplishments over a period of years have been substantial.

The securing of adherence to the Plan should not prove difficult. As improvements are proposed by the various Municipal Governmental Agencies, such as the Board of City Commissioners or the Board of Education, the plans would be brought in to the Planning Board before proceeding to the point where sums would be authorized or construction work undertaken. The Planning Board would examine the proposed improvement to see if it conformed to the general provisions of the Master Plan as they applied to the particular project. If the improvement conforms to the Master Plan the Planning Board so reports and the matter proceeds from that point. However, if there is a serious conflict between the location or type of improvement with the Master Plan, the Planning Board so reports and the Governing Body may proceed with the improvement provided the



decision of the Planning Board is over-ruled by a vote of not less than two-thirds of its entire membership. In Newark, overruling of the Planning Board would require a vote of four out of five of the City Commissioners which is more than a majority.

#### OFFICIAL MAP.

The New Jersey Law provides that the municipality may, by ordinance, establish the Master Plan as the official map of the Municipality. This means that a map may be drawn on which is shown the location of future streets, parks, playgrounds, schools, and other public buildings, and it indicates the precise limits of the land to be used for those purposes, as well as the intention of the City to eventually acquire such lands for public use.

The official map differs from the Master Plan in that once adopted, it becomes an official document which can only be changed by ordinance. Experience has shown that it is difficult to determine a number of years in advance the exact boundaries of the future parks, schools, playgrounds and the like, and for that reason, it has not been customary to show these future improvements on the official map. It is highly important though to indicate the present and proposed street system in detail in order to prevent the encroachment of future buildings on the beds of future streets. In other words,

A preliminary plan of the City Street Plan as to future widening and extensions should be drawn in detail on a map which should then be adopted by the Board of City Commissioners by ordinance. By establishing an official street map, the City will be able to avoid large future expenditures by not having to demolish buildings which will have been constructed in the streets to be widened streets. As such a regulation is not within the police power of the City in a manner similar to zoning, the question of compensation should not be a problem as the property is actually taken for street widening. There are, in specific cases of hardship, provisions of the Law which permit variations to be made by the Board of Adjustment.

#### LAND DIVISION CONTROL.

In a city which possesses areas of vacant land suitable for residential development, the control of land subdivision is an important function of the Planning Board. Under the plan proposed to the Governing Body of the City may, by ordinance, authorize and empower the Planning Board to adopt regulations governing the subdivision of land within its jurisdiction, to prepare a plan showing new streets or highways, and to determine and fix the minimum sizes of lots.

Because of the fact that very little land remains in  
the area that can be subdivided for residential use, this func-  
tion of the Planning Board has not been emphasized. Had the  
Board been more active in the past, it is probable the City will  
in the future, the plan of development of the purchaser  
will be subject to the review of the Planning Board.  
It is likely that a similar situation will not arise in  
the future, it would be advisable for the Board to request  
the City Council to adopt an ordinance authorizing the  
Board to prepare suitable regulations and place them  
into effect.

#### ZONING ADMINISTRATION.

The proposed new zoning ordinance should be adopted by  
the City Council and submitted to the Board of Commissioners  
for review. Before such action is taken, the Corporation  
Commissioners of the opinion that the Planning Board must be  
reconstituted by resolution of the Board of Commissioners,  
and the proposed new ordinance will supplant  
the existing ordinance, and the procedure of putting it into ef-  
fect will be the same as the former ordinance existed.  
After the ordinance has been adopted by the Board of Commis-  
sioners, it should be referred to the Planning  
Board for review. The Planning Board function of the Board  
should be to review the ordinance and the merit of a proposed

change and its effect on the master plan in general. As in the case of referring public improvements to the Planning Board, there is no veto exercised, and the Board of Commissioners still may make the change, even if an adverse report were rendered. Under no circumstances will the Planning Board supplant the Board of Adjustment or usurp any of its powers.

Having adopted the new zoning ordinance, it is most important that its stability be maintained and that variations be granted only in cases of extreme hardship. As stated previously in the report on Zoning, the New Jersey State Law is not effective in restricting the actions of Boards of Adjustment to relieving demonstrable hardship. Steps should be taken to amend the present law in accordance with the previous suggestions. If the Board of Adjustment continues to grant variances for uses not permitted within a district, the new ordinance will soon be undermined and will eventually lose its effectiveness.

#### OTHER FUNCTIONS OF THE PLANNING BOARD.

In addition to safeguarding the integrity of the Master Plan, the Board has other important functions to perform. While the Master Plan represents the best thinking based on conditions existing now or that can be foreseen in the reason-

able future, the plan is not inflexible, and it should be changed or modified whenever conditions indicate such action. Keeping the plan up to date is a continuing function of the Board. In order to do this effectively, a close check must be made on trends of population, land use, building construction, traffic flow, and similar matters. The Planning Board should be a co-ordinating agency for the various governmental divisions of the City and should maintain a pool of information that can be used by commercial and industrial groups, private citizens, and City departments, as well as other governmental agencies. By authorizing the continuation of the Planning Board work for the year 1947, an important first step has been taken. It is essential that the Planning Board be continued as a permanent part of the City Government and supported by adequate appropriation.

#### ENLISTMENT OF PUBLIC SUPPORT.

The Master Plan will be effective only if it has the confidence of all of the citizens of Newark. Gaining this confidence and educating the public as to the objectives of the proposals must be accomplished if the plan is to be a vital influence in the future of the City.

The Citizens' Advisory Committee is a most important part of this program as the members have had a part in preparing the Plan over a period of several years. The interest of this group must be maintained by enlisting their support in carrying out various recommendations and in protecting the integrity of the Plan.

As the Plan cannot succeed unless all of the citizens of Newark know what it is and what it is attempting to accomplish, the provisions must be widely publicized throughout the Community. The Sub-Committee on Public Relations of the Citizens' Advisory Committee prepared an outstanding report on how this important matter should be handled. It is not sufficient to publish and distribute copies of the Master Plan report, as many people do not take the time to read such material. The recommendations of the Sub-Committee cover the whole field of publicity media, including radio, talks before interested groups, advertising, exhibits, newspaper articles, and many other means of publicity. Steps should be taken to put this program into effect at the earliest possible time.

#### RELATIONSHIPS WITH OTHER AGENCIES.

An important function of the Planning Board is to coordinate the plans pertaining to Newark with those of surround-

municipalities, Essex County, State of New Jersey and the New York region. Local planning, particularly in the field of transportation cannot be fully effective unless it is integrated with the over-all plans pertaining to the Metropolitan District of which Newark is the center. Great opportunity exists for enlisting the support of Essex County and the State of New Jersey in improving highways leading to and through the City. The suburban areas which are contiguous to Newark have many problems in common with the central City. These problems could best be solved by the creation of a regional planning agency which would have general jurisdiction over the planning of such facilities as highways and recreational areas. In the Newark metropolitan area, there has been much discussion of creating an Essex County Planning Board, but, to date, no progress has been made. This is a step in the right direction and should be pursued, but consideration should also be given to an agency whose jurisdiction would extend beyond the limits of Essex County. Parts of Union, Passaic, Hudson and Bergen Counties are as closely associated to Newark as many of the communities of Essex County.

Pending the time until it is impossible to create such an agency in Newark, the Planning Board should continue to support the work of the Joint Council of the Municipal Plan-

ning Boards in Essex County and exercise leadership in this organization. While the Joint Council is entirely unofficial, it can be most helpful in bringing the various communities together and working out the solutions to common problems. The activities of this group in relation to crystallizing public opinion on the necessity of the Route 25 Freeway is indicative of its potential value in similar situations which might arise in the future.

Close liaison must be maintained between the Planning Board and the State Highway Department in order to be sure that the future State Highway program is closely coordinated with the Major Street Plan of the community. Similarly, the cordial relationship existing between the Port of New York Authority and the Planning Board should be continued in the future. The Port Authority program for developing transportation facilities in this area will be of utmost importance to the future Newark. Regional problems of transportation such as rapid transit and air and water transportation encompass a field beyond the physical limits of Newark, and Newark is almost helpless in attempting to solve these problems by itself.

#### CONCLUSION.

In order to make the work of the Planning Board more effective in the future, and to assure continuation of a



sound planning program for Newark, certain legal steps should be taken. These were discussed previously, and may be summarized as follows:

(1) Adoption of new Ordinance setting forth the power and duty of the Planning Board, in accordance with the provision of the State Law, including authorization for the Planning Board to act as a Zoning Commission.

(2) Adoption of Ordinance to authorize the Planning Board to prepare land subdivision regulations and to control the platting of lands within the corporate limits.

(3) Adoption by Ordinance of an official map showing present and future streets.

(4) Amendment to the State Zoning Act authorizing the City to adopt reasonable regulations for the elimination of non-conforming uses.

(5) Amend the Zoning Act to more clearly specify the powers and duties of the Board of Adjustment.

REPORT OF THE CITIZENS' ADVISORY SUB-COMMITTEE  
ON MUNICIPAL FINANCE re: "A LONG RANGE CAPITAL  
EXPENDITURE PROGRAM AND ADMINISTRATIVE POLICY  
AND PRACTICE FOR NEWARK, NEW JERSEY."

The long range capital expenditure program, as proposed in the preliminary report of the Central Planning Board, provides for a 25 year capital improvement program amounting to \$244,000,000. Part of the program is to be financed by city bond issues and other parts by revenue bonds and funds from other sources.

Methods of Financing Capital Expenditure Program

Newark Bond Issues	\$97,700,000	40.1%
Special Assessments	17,600,000	7.2%
Revenue Bonds	35,700,000	14.6%
State and Federal Funds	19,500,000	8.0%
County Funds	11,000,000	4.5%
Private Investment	62,500,000	25.6%

City Credit. The credit of the city has suffered in the past from excessive borrowing and from unsound administrative practices. During recent years debt has been reduced by deferring needed improvements and the credit of the city has improved correspondingly. While the city cannot adopt a pay-as-you-go policy at this time and still undertake the improvement projects which are essential to the future of the city, it should not undertake a borrowing program which will jeopardize city credit.

Borrowing Capacity. The law provides that a city may borrow for city and school purposes up to 11 per cent of the average assessed valuations on real estate for the past 3 years. The present valuation of real estate in Newark is \$514,621,000 and the debt limit at 11 per cent is \$56,396,244.08.

Newark should not, however, plan a capital program which will maintain a net debt of 11 per cent. In order to protect the credit of the city and to obtain favorable interest rates, the net debt should not exceed 10 per cent of real estate valuations. Newark's debt, therefore, should not exceed \$51,416,210 at the present time.

On December 31, 1946, the net debt authorized and issued amounted to \$50,938,045.86. Retirements and ad-

ditions to Sinking Fund during 1947 will amount to \$3,280,306.81. The city, therefore, could issue all bonds and notes already authorized and \$3,758,470.95 of new issues during 1947 without exceeding the 10 per cent limit. If we assume that the city borrows up to the 10 per cent limit each year and that new bond issues are 30 year serials, the future borrowing capacity under the 10 per cent limit would average less than \$3,000,000 per year. This is considerably less borrowing capacity than would be required by the program, since it is proposed that there should be an average of \$4,000,000 of city bonds and \$800,000 of "revenue" bonds issued each year.

Under the law deficits in connection with redevelopment revenue bonds must be capitalized at 5 per cent and added to net debt. The table which follows estimates the net debt of the city to 1970. It will be seen that if valuations remain at the present level the 10 per cent limit of \$51,400,000 would be exceeded in nearly every year.

Net Debt Under Proposed Capital Expenditure Program

<u>Year</u>	<u>Existing Debt and New Issues</u>	<u>Redevelopment Deficits Capitalized</u>	<u>TOTAL</u>
1946	\$51,506,112		\$51,506,112
1947	51,995,268		51,995,268
1948	52,060,983	\$2,146,560	54,207,543
1949	52,118,040	2,068,040	54,186,080
1950	52,026,764	1,989,560	54,016,324
1951	52,459,488	3,987,880	56,447,368
1952	52,737,965	3,495,400	56,233,365
1953	52,949,154	5,334,160	58,283,314
1954	52,899,773	5,028,920	57,928,693
1955	52,729,914	4,457,980	57,187,894
1956	52,490,701	6,148,460	58,639,161
1957	52,110,838	5,499,020	57,609,858
1960	50,253,674	5,990,600	56,244,274
1965	46,691,450	6,738,220	53,429,670
1970	43,450,000	6,837,280	50,287,280

It is the opinion of this committee that holding to the 10 per cent limit is highly desirable. It is, therefore, recommended that the projects be scheduled so that the net debt does not exceed 10 per cent of assessed valuations at any time.\*

\* This Report was adopted unanimously at a meeting of this Sub-Committee held on Wednesday, March 26, 1947; Mr. Horace K. Corbin presiding.